Panel for study of Tariff Concessions granted by EU

*534. DR. C. NARAYANA REDDY :
SHRI C. RAMACHANDRAIAH:

Will the Minister of COMMERCE AND INDUSTRY be pleased to state :

(a) whether it is a fact that WTO has agreed to India's request for setting up of a panel for study of the tariff concessions granted by European Union;

(b) if so, the details in this regard; and

(c) the course of action proposed by Government in this regard?

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI ARUN JAITLEY) : (a) At India's request a dispute settlement Panel has been established by the Dispute Settlement Body (DSB) of the World Trade Organisation (WTO) on 27th January, 2003 to examine India's claims in the dispute relating to grant by the European Union (EU) of tariff concessions as per the special tariff arrangement to combat drug production and trafficking under its Generalised System of Preferences (GSP) for the period 1st January 2002 to 31st December 2004.

(b) The scheme of GSP of the EU for the period 1st January 2002 to 31st December 2004 *inter-alia* provides for suspension by the EU of customs duties for all products which have not graduated, under special tariff arrangements to combat drug production and trafficking. Pakistan is one of the beneficiary countries under this special arrangement. As this may adversely affect India's exports to EU, India had taken up this issue with EU through bilateral consultations and consultations under the Dispute Settlement Mechanism of the WTO. During the consultations it was highlighted that India would stand to lose substantial trade on account of duty concessions given selectively to Pakistan. The EU was requested to rectify the adverse trade impact due to such concessions. These consultations did not however yield the desired results from India's point of view. Subsequently, India sought the establishment of a dispute settlement Panel, which was established on 27th January 2003.

(c) While the Government remains open to remedial action from the EU side, it would be making the submissions to the dispute settlement Panel in coordination with the Ministry of Textiles and the Advisory Centre on WTO Law, Geneva which has been engaged for providing legal services in this dispute.